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## **DAYLIGHT ON THE LAND QUESTION.**

### **LACK OF EMPLOYMENT: ITS CAUSE AND ITS CURE.**

By Edward Withy

THE study of economics has been forced upon us by the fact that during the past half-century we have pursued all our industrial operations with ever-increasing intensity. One cannot take up a scientific paper without meeting with one or more contributions upon the relative economy of the use of animal, steam, or electric power in the production of a given result. It was formerly said that that man was a benefactor to his species who caused two blades of grass to grow where one grew before. But of late years we have not been content with appliances which only double the former product. Tenfold and one hundredfold would not overstate many of the results obtained; and the importance of studying the economics of production has necessarily advanced in the same ratio. It is therefore all the more singular that so little attention has been devoted to that department of economics which deals with the source from which all our materials are drawn and from which we derive all the forces that we employ. We have, for the most part, been merely scratching the surface of economics, for we have failed to exhaustively study the bearing of the science upon the solid earth beneath us and upon the great forces of Nature around us. I think it will be shown upon investigation that in this matter we fall far short in sagacity even of those peoples whom we describe as uncivilised. For the earliest peoples, in supplying their very simple needs, gave every one equal freedom of access to the storehouse of materials and to the forces of Nature. We, although we have developed wants far in excess of theirs, and as a consequence are the more dependent upon this equality of access, have allowed a small section of our fellows to monopolise nearly all the sources of supply.

There are several signs of the present day calculated to throw serious doubt upon the method which has been adopted in grafting modern upon primitive conditions. We do not appear to reap the full benefit of progress in added comfort all round. On the contrary, several strange and unexpected developments have made their appearance to the detriment of our comfort and our security. Let us confine our attention to the most notable and serious of these anomalies — the existence and constant increase of an unemployed class. In this class I do not include, as a reproach upon the present system, the imbecile, the crippled and lazy, or those who, owing to advanced age, are past work. The notable point is that in all civilised countries an able-bodied, intelligent class now exists which is willing—nay, anxious—to work, but cannot find work to do; and, further, that this class exists in ordinary times when neither war nor famine is deranging production. If our methods of production had been growing ruder and less efficient all the time,

instead of developing at a truly marvellous rate, this would not be so surprising. Even in that case, however, such reduced efficiency would have led to a general descent to a lower scale of comfort only, and not to the formation of one large, needy class, graduating to an unemployed residuum, while, at the same time, the few grow wealthy “beyond the dreams of avarice.”

Throughout this article I propose to make the appearance of an unemployed class the test of the success or the failure of the different systems of land tenure that have followed each other; and the search for the cause of this lack of employment will, I imagine, be easier if we work forward from primitive times, instead of 'backwards from our own complex civilisation. By proceeding in this way we shall not be met by the question of currency, nor by that of tariffs. I shall not ignore these questions, however, but merely put them aside for present convenience. Let us try this method and see if we can discover a cause, apart from currency and tariffs, which would, even under comparatively simple conditions of life, produce an unemployed class.

I propose to present for consideration only three stages of social development, and shall sketch them briefly and with a free hand.

I do not offer them as pages from the actual history of any nation, but rather as outline illustrations of the process of development. These stages I shall classify as the “primitive,” the “improved,” and the “divided labour” periods.

To begin with the “primitive” period. The name is not intended to indicate the earliest condition of all, but a period at which the people may be supposed to have advanced so far as to acknowledge the right of exclusive individual use of pieces of land for cultivation, and to recognise as his rightful personal property the productions of each individual. They are supposed to know very little of the use of tools and even of the simplest appliances. In supplying themselves with food they gather what Nature provides, and also imitate her processes in the planting of seeds or slips in localities which suit their convenience. They snare and detain in enclosures certain animals and birds in order to secure more regular supplies of meat, milk, and eggs than hunting would afford. They provide themselves with clothing by using the skins of animals and the feathers of birds, and by making rude fabrics from wool and vegetable fibres, and they make huts by using the branches of trees and large leaves and plastering them over with mud.

In order to procure these materials each man would enjoy free access to all the supplies of Nature, and have a plot of ground to live and work upon. Any restriction as to these points would, at that date, be impossible to contemplate. Each man would be recognised as having the same needs as his fellows; and as no man could live unless he were allowed to procure the necessary materials, free access to these would be a matter of course. These early people would not, of course, go through any such process of reasoning as the above, but would, without question, follow immemorial usage. Those to whom the best lands fell would, it is true, supply their wants more easily than the others, but the difference would be

very slight where wants were so few and methods so primitive.

It is obvious that in such a state of society there could be no unemployed in the modern sense of the term. As a matter of historical fact, no mention is ever made of an unemployed class amongst a primitive people. Not only is this the case, but in producing a romance, dealing with this period, the introduction of such a class would be a palpable and a fantastic absurdity.

It will be necessary to look further, therefore, than the primitive period for some cause sufficient to account for the appearance of an unemployed class. Let us then advance to the second or "improved" period, and for this purpose let us suppose that into the primitive period were gradually introduced certain improved appliances and methods of production of such a limited character that each man could use them upon, and without abandoning, the cultivation of his own holding.

The introduction of such improvements would open up two alternatives to the people. It would enable them to produce what formerly satisfied their wants with a shorter working day; or, on the other hand, to gratify much more extensive desires by working as long as formerly. Those individuals who adopted the improvements would enjoy more satisfactions than their predecessors. There would be a little greater difference in favour of those who used the best land than was the case during the primitive period; but there would be no tendency in these changed circumstances to cause any to fall out of work. Having free access to materials and a place to work upon they would just continue to supply their wants as they arose. Each individual would adopt whichever of the new alternatives he found more agreeable; but those who adopted the improvements would not, by so doing, take anything from the others, nor would they inflict any injury or disability upon them. Each man would still, as in the primitive period, receive the full product of his toil. Each man would still be able to employ himself on the land.

It is clear, therefore, that the introduction of improved appliances, such as each man could use on his own plot of land, could have no tendency to produce an unemployed class.

Having thus failed to find any tendency towards the formation of an unemployed class in the first and second periods of development, let us proceed to the third, or "divided labour," period. This period would very naturally evolve from the "improved" period. Experience is the great teacher, and the intelligent and the enterprising would not be slow to take advantage of such further mechanical improvements and improved methods as might suggest themselves. Machinery would sooner or later progress beyond the point at which each one could, by himself, make use of it. Motive power would be obtained from the wind and from running water, and this would render possible the working of more powerful machines, which would, in their turn, aid in the manufacture of engines to be driven by steam and ultimately by electricity.

The distinctive feature of this period would be the necessity for the division of labour. Machinery having progressed beyond the point at which individuals could effectively utilise it, it would become necessary for many to give up the direct culture of the land and to devote their whole attention, in co-operation with their fellows, to manufacturing upon a large scale. This would lead gradually to a complete break-up of primitive conditions. A considerable number would cease to look upon the land in the same light as their forefathers did, and many would prefer the new occupations to the old, and the more intimate connection with masses of their fellows to the quieter life of the fields. They would, therefore, think that they were benefitting by changing their condition and would not suspect that the change involved any ultimate disadvantage to themselves and to their descendants. It is quite safe to assume this, because even at the present day but few of us think that these changes have indirectly brought about the present adverse conditions. My belief, however, is that they have done so, and that the new and the disturbing factor is the private “ownership” of ground-rent by a section of the people.

I wish it to be distinctly understood, of course, that the term “rent” in the economic sense, to which I shall confine myself, means the return given for the use of land, and does not include any charge for the use of the improvements added thereto by man.

Let us now trace several steps in the introduction of the new system of industry. It is obvious that those who began to devote their whole time to factory work could not continue to use any land beyond the limits of a mere garden. It would also follow that those who continued to cultivate the land would cease to make, and begin to buy, their clothing, and other things. This would enable them to devote their whole attention to the land, and to work larger areas than formerly. They would, therefore, divide amongst them the lands given up by those who went to the factories. No question of buying or renting these lands would at first occur to either party. The artisan would depart to make his living in another way, and the new occupier could make no living off the additional land unless he cultivated it. Use would be the only title; the idea of value apart from use would not yet have arisen; and no man would realise that the monopoly of the land would enable the “owner” to live in idleness by levying tribute upon the workers.

But another phase of this change in the holding of the land would concurrently manifest itself, a change fraught with most momentous consequences. For this change would promptly suggest the new idea that land has an exchange value as well as a use value -that if a man be secured in the absolute “ownership” of a piece of land he may derive a revenue from it, not only by using it himself, but by graciously allowing others to use it upon the condition that they hand over to him in consideration of that privilege a portion of the produce of their labour. The new factories would each require a site of land, and the factory workers would be obliged to live near their work. Hence villages, towns, and cities would grow up

and cause small areas to be put to vastly more valuable uses than that of mere tillage. Location would thus become the great test of the desirability or otherwise of sites for factories, warehouses, shops, dwelling—houses, &c., and fertility would count for nothing. In consequence, a ground-rent value would attach itself to the land, and could be obtained by the holders of those pieces which were in demand. Naturally these men would not be willing to vacate a part, or the whole, of their now valuable land in favour of the newcomers, except for a sufficient inducement. Thus would be introduced the important innovation of one section of the community paying another section for the right to use the earth — that is to say, for the right to live; for the use of the earth is absolutely essential to the lives of all men. It is also evident that the land which had acquired a ground-rental value, would *ipso facto* possess a selling value. Moreover, some land having increased in value, other lands might be expected to do so, and to go on increasing in value. These lands would, therefore, become marketable, and would in consequence be open to investors and speculators as well as to bona fide users.

Do not let me be understood, however, to inveigh against ground-rent per se. I do no such thing. I do not consider it to be an evil. It has not been devised by human ingenuity as an engine of oppression. It arises from an economic necessity. It cannot be avoided, and no Act of Parliament can abolish it.

Let us consider for a moment what ground-rent is. If two men cultivate two pieces of land of equal size, each devoting the same amount of labour and capital, and the same degree of intelligence, to his work, and one piece always yields a better return than the other, we cannot say that the one man produces more than the other. It is not the man, but Nature, that makes the difference. In short, one of the men utilises a superior natural opportunity. This would, of course, occur in each of the three periods to which I have alluded, but the difference in desirability would become more marked in the “improved” than in the “primitive” period, and still more marked in that of “divided labour.” In the “primitive” period the product would be small, and the cultivators’ wants would correspond. Hence the difference would be less noticeable, and the injustice infinitesimal. But with each addition to the means adopted for extracting more from the soil the disparity would become accentuated and the injustice greater; and in the third period, in which locality became more important than fertility, in which labour was divided and subdivided, and men worked, not only on the ground but on floor above floor in factories, this disparity would increase in proportion to the greater intensity of the application of labour and capital to natural opportunities.

The difference in the desirability of various blocks of land as compared with the best land that can be had for nothing, determines their rental value, and so long as competition for the use of the land exists, so long as two men want the same piece, so long must rent continue. Whether rent arises from superiority in the natural properties of the soil, or from locality (the desirability conferred by the presence of the community), it is manifestly not the creation of the mere “owner.” If, therefore, the “owner” is allowed to appropriate the rent, he either enjoys a

monopoly of that which Nature dispenses, or confiscates the earnings of his fellows without rendering them any return. The evil lies, in short, not in the existence of ground-rent, but in its private monopolisation.

An important feature of this change of land tenures must not be overlooked. It would not be the new artisans who would become possessed of town sites in lieu of their country sections. The master-mechanic or employer would rent or buy the site for the factory, and in many cases for the working-man's dwelling also. Very few of the artisans would be able to secure enough of the more valuable land even to live upon. Consequently a large number would never again have a plot of ground to call their own, and at the same time a few individuals would have acquired, and would consider as their own, all the corner sites, all the favoured spots.

The vicious nature of such a system is readily discernible. A large section of the population can no longer obtain direct access to the materials and forces of Nature, except upon permission from, and payment to, the "owners" of the land. Thus many men being shut off by inability to pay have no alternative but to offer their services for wages. During the "primitive" and "improved" periods no man would work for another for less than he could make on his own plot of ground. Having this alternative he would have true freedom of contract, and the product of his labour would measure the value of his labour. In the divided labour period, however, the worker would be deprived of this natural alternative. The product gauge would be no longer his, and he must either take the competitive wage or remain idle. In the "primitive" and "improved" periods, since one hundred men working together can produce more than a hundred times the product of one man, increase of population by increasing the possibilities of co-operation would mean an increase in the amount of wealth per capita, and would thus increase wages. In the "divided labour" period, however, an increase of population would mean increased competition for employment, and lower wages — an increased demand for land, and higher rent; and sooner or later many, being unable to employ themselves because denied freedom of access to the land, and being unable to find others to employ them, would be forced to stand idle.

This evil would be greatly intensified by the progress of mechanical invention. If a machine he invented which, with one attendant, can produce a given result formerly requiring the work of ten men, the consequence is that nine of them will cease to be required, temporarily if not permanently. In short, machinery does not, under existing conditions, co-operate with the wage-earners and add to their reward, but competes against and displaces them. It is equally true that it does not permanently work for the capitalist or tenant class; for, as soon as their leases come to be renewed, the landlord is able to demand an increased ground-rent because additional desirability has been conferred upon his land. It is clear, therefore, that improved machinery works always in the long run for the landlord, for the manufacturer only during the currency of his lease, and always against the wage-earner. In the "primitive" and the "improved" periods invention would

assist the producers to make more out of their holdings, and they would enjoy the entire product. In the “divided labour” period, however, vast numbers have no holdings, and, as a consequence, they not only lose the advantage to be derived from mechanical inventions but suffer from the competition of machinery. If it were conceivable that machinery could entirely supersede labour, the whole of the wealth produced would obviously go to the land “owners”; there would be “no demand for labour,” and the labourer being unable to purchase the right to live by selling his labour would be obliged either to exist on charity or to starve. This, of course, is an impossible extreme, but the economic position is a serious one which leaves a very large class at the mercy of a contingency which, in degree, is continually happening, and which, in fact, leads to the existence of a large, and continually increasing, class of involuntary idlers. The cause of this anomaly is not, however, the improvement of machinery but the operation of a vicious system which gives all the benefits to one class, and denies them to the rest. In the “primitive” and “improved” periods, when all enjoyed direct access to the land, the superseding of all need to labour would result in the satisfaction of the wants of all without the necessity for working. In the “divided labour” period, on the other hand, the raw material of wealth being the subject of a close monopoly, the land-“owners” being able to satisfy all their wants with the aid of machinery and without the intervention of labour, would secure the whole of the product; while, unless invention progressed so far as to enable the landless classes to live in empty space, and make something out of nothing, they could exist only on sufferance, since for the land “owners” to say, “This is our planet; clear out; you are trespassers” would amount to a sentence of death.

Under such conditions all the landless would obviously be in the same position as the unemployed to-day; and, as with the march of invention machinery approaches more and more closely to this ideal, as speculation closes one after the other the avenues of employment afforded by Nature, so must the unemployed class increase in numbers till it reaches the above standard.

A brief review of the economic law of “rent and reward” that governs the amount of ground-rent which the land-“owner” can demand and the amount of the reward which the producer can retain, will show that the effect of these evils is not stationary but cumulative. This law is that as population increases in a country whose lands vary in productivity the reward of industry falls to a less and less proportion of the value of the produce, while the increasing balance is swallowed up in ground-rent. The reason is that as population increases it must spread over less and less desirable lands — that is to say, lands from which, with equal application of skill, capital and labour, a smaller product is obtainable. The “owners” of the more desirable lands can, therefore, claim as rent the whole of the amount by which the produce of their land exceeds that of the least desirable land in use.

The law may be illustrated very well by the accompanying diagram. Let it be assumed that in a given country the land may be classified into six sections of

differing degrees of desirability, and let these sections be indicated by the letters A to F. Section A, being the most desirable land, is shown as overtopping the others, and F, the least desirable, is the lowest of all. Let us represent the product of A for a given expenditure of labour and capital as 6; B, 5; C, 4; and so on, while F is only 1. It must, of course, be remembered that these are merely arbitrary figures used for the sake of illustrating the principle.

Naturally the earliest settlers will locate themselves upon the most desirable section of the country. So long as there is plenty of this A quality for all, they will work on that land only, and each individual will retain and enjoy the full product of his labour; for so long as two men do not compete for one piece its "owner" cannot obtain a ground-rent. This position is shown in Fig. 1.

As time goes on, however, section A, owing either to the increase of population or to the extension of industry, will be fully occupied, and some will have to seek a living on B. Now as the possible product from A is 6, and from B only 5, it is obvious that the B settlers will not be so well off as the A settlers. The shrewder ones on section B will soon see that they might as well give some of the A settlers a small rent for A land, as work on the second best land which yields 5 only. At first they might obtain a slight advantage by so doing, but competition would quickly force the rent of A land up to 1, so that the net return to the tenants in section A would be 5. So long as section B was not wholly occupied the rent could not rise any higher, as obviously no man would work A land at such a rent as would leave him a less return than he could make on B land, which he could obtain rent free. In time, however, sections A and B will be filled and an overflow on to section C will take place. The possible product on C is only 4, and the result of competition will be that land in section B will command a rent of 1, and land in section A a rent of 2, while the net return for the same expenditure of labour and capital on A, B, and C will be 4. Later still, section D will be needed, and as the return to labour and capital on that section is 3, the position will be that shown by Fig. 2.

Next, section E, upon which the return is only 2, and lastly, section F, upon which the return is only 1, are resorted to. F, being the least desirable land in use, will yield no rent. It will now be noticed that the reward of 6 which was obtainable on A by the first settlers, has fallen gradually to 1, and that the reward of labour and capital has fallen to the same point on all the other sections. On the other hand, rent, which at first had no existence, has grown to 5 on A, to 4 on B, to 3 on C, to 2 on D, and to 1 on E. This position is shown by Fig. 3, and this is what, apart from the disturbing influence of "human nature," would be the effect of the operation of economic laws under the supposed conditions in every country in the world. It is a universal law of economics that cannot be repealed by Parliament. It is the inevitable outcome of the demand by an increasing and progressive population for the use of a natural element that varies in desirability and is fixed in quantity.

It will be seen, therefore, that the mere operation of economic law would tend to give the land-“owner” the lion’s share, but speculative dealings in land introduce a disturbing influence that greatly accentuates this evil. The periodical rise and fall in land values is generally attributed to the alternate revival and depression of trade, and on the face of it the explanation appears plausible. But, as a matter of fact, the advance of trade with a growing population would, under natural conditions, be continuous; and to attribute the rise and fall of land values to the revival or the depression of trade is to mistake effect for cause. The natural tendency is for trade to advance continuously; but an advance of trade involves an increased demand for land, and as land values rise speculation sets in; the rent or price of land is forced up above the economic standard, and trade and industry are forced to pay far more than the present using value of the land. Failures naturally follow, many are thrown out of employment, and this leads to a reduced consumption of goods. Confronted by these phenomena, the orthodox political economist refers the lack of employment to “over-population,” and attributes the accumulation of stocks due to reduced consumption to “over-production”!

As a result of the failures, the banks call in or restrict their advances and a “crisis” occurs. Land values begin to fall, and the nation struggles along for years as best it can until a further growth of population or new developments of trade, assisted at first by lower charges for land, cause a gradual recovery all round. Trade again revives, land values again rise, and speculation once more sets in, and the whole cycle is gone through ad lib. The effect of land speculation is cumulative, and as a result there exists a constant tendency to force down the wages of labour to a bare subsistence, and the return to capital to the minimum upon which business can be carried on; and as often as this tendency overshoots the mark thousands of willing workers are forced to stand idle while their wives and their little ones are starving, and hundreds of manufacturers and tradesmen are compelled to have resort to the Bankruptcy Courts.

A steam boiler is constructed to sustain with safety a certain pressure. But let that pressure be progressively increased, and it does not require an engineer to tell us what the result must be. Be the increase quick or slow, it is only a question of time. An explosion must take place. Are there not abundant signs in every civilised country that conditions are steadily approaching such a crisis? America is perhaps the most significant object-lesson for us. With an immense territory still unoccupied, we have seen for years a steady growth of land monopoly, of huge trusts bolstered up by a protective tariff, of millionaires arising as the result of these causes; and at the other extreme the growth of a population of unemployed breaking out in open rebellion against — they scarcely know what.

Beginning with “primitive” conditions and working forward to the present more complex state of society, I have gradually traced the evolution of “the unemployed,” and discovered a cause which, apart from currency and tariffs, would, even under comparatively simple conditions of life, produce an unemployed class. After this outflanking movement I propose, however, to deliver a direct attack upon the front of those who contend that the questions of currency and tariffs are potent factors in the production of an unemployed class.

First, take the currency, the circulation of coin for the purposes of exchange. This constitutes an improvement in two respects upon simple barter. In the first place, it gives us a “standard of value,” so that instead of comparing products with products, we speak of all products in relation to so many pounds, shillings, and pence — that is to say, we speak of their “price” and make all our calculations upon that basis. In the second place, it affords us a “medium of exchange,” and, using it as such, we make most of our smaller purchases and sales directly in exchange for coin. In larger transactions the coin is not actually handled, but, instead thereof, written orders (cheques, bills of exchange, &c.) are exchanged for goods, and the balances of many transactions are at intervals transferred between the banks. The advantage of both these improvements is simply an economy of labour, in nowise differing in economic effects from the various mechanical improvements to which I have referred. The capitalists are supposed to manipulate the currency for their own benefit and to the detriment of others. But how could they have done so in the “primitive” and “improved” periods in which each man had direct access to the land, and could thus secure the full product value of his labour? It would have been impossible. Every lever requires a fulcrum to make it effective, and Archimedes promised, if supplied with a fulcrum, to move the world. In the “divided labour” period the capitalists have been supplied by law with a fulcrum — private ownership of land — and the capitalists now move the world. They would, however, be powerless for evil without this fulcrum; for with direct access to the land each man would be economically independent, and would be able to decline the use of capital if the terms upon which it was offered did not suit him. It is perfectly obvious, too, that until we get rid of “the robber that takes all that is left,” no mere currency reform, however good in itself, can better the condition of the workers, for the landlord, controlling the only raw material of industry, could still force the labourer to hand over to him everything above and beyond a bare subsistence. In fact, to free the worker from the grip of the land-monopolist, currency reform must enable the labourer to live in empty space and to make something out of nothing — a magic power which even its most ardent advocate will hardly claim for it.

The tariff difficulty arises from a mistaken idea as to the uses of money. The protectionist position involves the hoary superstition of “keeping the money in the country,” and such absurd ideas as that it is possible by taxing everybody to make

everybody rich. But when once the fact is firmly grasped, that trade is an exchange of goods for goods, the whole theory collapses; for it is obvious that, that being so, so far from free-trade lessening the demand for labour, the more goods a country imports, the more goods it must manufacture to export in return for those goods, and therefore that the greater the volume of imports the greater the demand for labour to produce exports to exchange for them.

*The* cause of want of employment is thus seen to be land monopoly, which denies the equal right of all to access to the materials and forces supplied by Nature; and the only possible cure lies in the removal of that cause. Had those who at the beginning of the “divided labour” period gave up the direct use of the land to become wage-earners, known of the existence of the law of rent and realised how detrimentally land monopoly and land speculation would affect their interests and those of their descendants, they would have demanded that some automatic provision should be made to secure to them and to their descendants that freedom of access to the land which would ensure their economic freedom; and they would also have demanded some guarantee that the increased value which attaches to land by reason of the growth and progress of the community should be appropriated for the common benefit. Such a guarantee, with the minimum of State interference, is to be found in the single tax, of which, I am glad to see, the WESTMINSTER REVIEW is so staunch a supporter. This tax being levied on the full annual value of the land, whether put to use or not, would force all vacant land into the market, and the rental value of the land being appropriated to public purposes, all the robber rates and taxes now levied on labour and capital would be remitted. With freedom of access to the land, and with the removal of the rates and taxes that now hamper trade and industry, innumerable avenues of employment would be opened up; where each got what he earned unearned incomes would be an economic impossibility, and thus, as a consequence of this fundamental reform, the unemployed classes, both millionaire and pauper, would quickly disappear.